

Instructions for Using the One Page Disclosure Summary Form

"Mortgage Term." State the length of the loan commitment in years.

"Interest Rates & Principal & Interest Payments."

Initial Rate. The discounted rate before adjustment. This rate may be called the "teaser" rate and could last for up to five years.

Fully Indexed Rate. This is the margin plus the index. The margin is the percentage points determined by the lender; the index is an aggregate of interest rates and could be based off the LIBOR or be an average of mortgage rates.

Maximum Rate. The highest rate at which the rate would adjust. Also known as a "cap rate."

"Originator/Broker/Discount Fees."

Loan Origination Fee. This blank is used to indicate the lender's fee charged to the borrower.

Broker Fee. This blank is used by a broker to indicate the broker fee charged to the borrower.

Loan discount Fee (Points: ____%). These two blanks are used to indicate the fee charged the borrower, expressed as percentage points and as a dollar amount, for paying down the interest rate.

"Other conditions of your loan" checkboxes.

Prepayment penalty. If the loan has a prepayment penalty condition, you must use the "Yes" checkbox. While the borrower may not ever trigger the prepayment penalty condition, it is important that the existence of the prepayment penalty be known to the borrower at the loan's inception. On government loans, unearned interest covering the period from loan payoff to the end of the month is not considered a prepayment penalty.

Balloon payment. If the loan has a balloon payment amortization structure, you must use the "Yes" checkbox.

Rate lock. Marking the checkbox "Yes" is not a substitute for providing any other rate lock disclosures required by state or federal law.

Reduced documentation. Use the "Yes" checkbox only if the loan program available to the borrower has a range of documentation options that result in different interest rates and the borrower has chosen a documentation level that results in an interest rate higher than interest rates available with other levels of loan documentation. Use the "No" checkbox if the loan program only requires one level of documentation that the borrower must meet and that documentation is not related to the interest rate available to the borrower.

Yield Spread Premium. Only disclose the amount of yield spread that is compensation or gain to you. If a portion of the YSP goes to pay the borrower's costs of the loan, you must only disclose the amount of the yield spread premium you will retain as compensation or gain. If your initial one page disclosure contains an estimate of a yield spread premium, you must provide

a revised one page disclosure when the exact amount of the yield spread premium you will receive becomes known to you and within the applicable disclosure timeframes.